

# Employer

NEWS *Winter-Spring 2004*

*Indiana Public Employees' Retirement Fund*

## CHANGE IS UPON US

PERF enrolls approximately 26,000 new employees into the fund each year. However, one-third of the forms received during one week in January 2004 had errors. As a result, there are more than 400 Membership Records sitting in a suspended state waiting for corrected information from either the employer or the member.

### NEW MEMBERSHIP RECORDS

In the first step of addressing the issues that land enrollments in that suspended pool, the fund will roll out a simpler form and a set of training tools for employers. PERF is working to achieve this roll-out by mid-April.

The new form will shrink from four pages to two, and will contain only the information the fund needs to process a new member. There will be one place for employees to sign and one for employers.

By federal law, the name, address, hire date, and social security number of every new hire in Indiana must now be submitted electronically to the Department of Workforce Development (DWD). If employers could submit this information about newly-hired PERF-covered employees to the fund in the same electronic file format, a preliminary PERF

membership file could be opened immediately. This file could be matched to the signed paper Membership Record when it is received. The fund, along with four employers, is piloting a download process to develop and test this idea, which will then be made available to all employers.

Changes to the Membership Record forms and processes will benefit both employers and PERF. Reducing data entry while catching mistakes and gaps in coverage early, rather than years later when the employee retires, will produce short and long term manpower and time savings. The goal is to improve service to members and employers with more accurate data, while eliminating those instances where employers have to crawl through old, dusty employee files in order to certify service.

IN THE COMING WEEKS, LOOK FOR  
GROUP TRAINING SESSIONS  
AND MATERIALS TO HELP  
EMPLOYERS BECOME FAMILIAR WITH  
THE NEW FORMS.

EMPLOYER  
CONTRIBUTIONS

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*Funding your future.*

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CRAIG E. HARTZER, EXECUTIVE DIRECTOR • JOSEPH E. KERNAN, GOVERNOR

# EMPLOYER CONTRIBUTIONS

Promises of future retirement benefits are funded by employer contributions and the earnings generated by PERF investing the existing pool of money. Those contributions are a cost (to taxpayers) of doing business and every employer understandably wants to hold down costs. Making those contributions provides employers with a valuable employee benefit with which they can attract and retain good employees.

Each year, PERF makes an annual actuarial assessment of how much money must be collected and invested to fund retirement, disability and survivor benefit obligations now and well into the future. These assessments are then used to set the employers' contribution rates.

PERF's goal is to approve 2005 contribution rates for employers no later than the April 2004 meeting of the Board of Trustees in order to give employers plenty of time to budget their benefits expenses for the coming year. Rates will go into effect on July 1, 2004 for the State of Indiana, and on January 1, 2005 for political subdivisions.

Annually, PERF's actuary calculates the contribution rates using a set of assumptions to balance expectations about what will happen in the future. The current assumption is that PERF's assets must grow on average by 7.25% annually in order to meet future obligations.

There is an inverse relationship between contributions and investment performance. Simply put, as the fund performs well in the investments area, we require less in contributions from employers to fund benefit obligations, and vice versa.

In recent years, returns on investments have moved up and down dramatically. The Board recognizes the budgetary stress employers would face if contribution rates fluctuated as drastically from year to year. The Board, therefore, has followed a policy of set-

ting rates so that adjustments up or down are spread, or smoothed, over time. In down years for the stock market, contribution rates typically do not go up substantially. Conversely, in positive markets, rates cannot fall substantially either. The long-term effect is that employers can estimate costs while employees count on their pensions being there when needed.

The contribution rates for this year will be posted on the website as soon as possible after the Board of Trustees approves them. Board meetings are held the third Friday of each month.

**CHECK [WWW.PERF.IN.GOV](http://WWW.PERF.IN.GOV) FOR BOARD MINUTES**

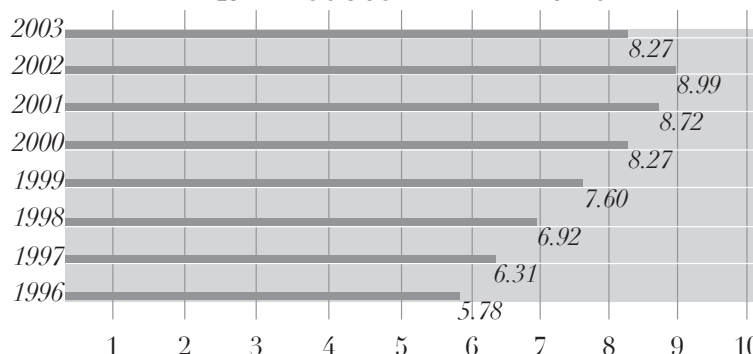
## Contribution Rates for Plan Year Effective (in %)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<i>State</i>	6.2	5.6	6.3	6.6	6.6	5.7	5.0	5.0	5.2	5.6
<i>Average Rate for all Political Subdivisions</i>	6.0	5.7	6.0	6.2	5.9	5.5	5.1	5.0	5.0	6.2

## Assumed & Actual Investment Returns (in %)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<i>Actuarial Assumption for Investment Returns</i>	7.50	7.00	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
<i>Actual Investment Returns</i>	-0.97	12.56	4.68	8.30	13.41	11.25	6.74	-2.51	-4.51	4.70

## PERF Assets in Billions\*



\*Includes Annuity Savings Account as of fiscal year end but does not include the assets of other retirement plans within the PERF system.

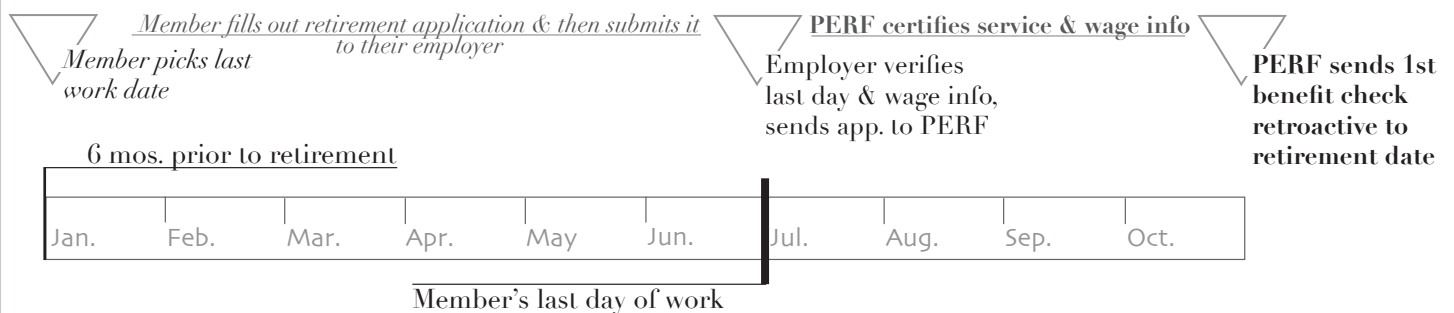
## RETIREMENT PROCESS STREAMLINING

Employer certification has been a part of the retirement application form since the fund began processing retirements. A retiree's first retirement check cannot be issued until the member's service has been verified and the final employer payment certification is received. Using this single application has often delayed the first retirement check by the weeks that may be needed to research old records, match dates, verify contributions from employers, and resolve any conflicts between PERF and employer records.

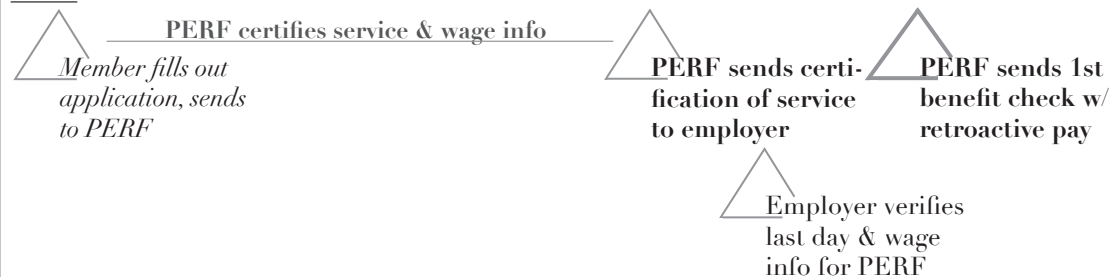
A new retirement application process, to be implemented in the second quarter of 2004, should eliminate most of those delays. Below is a diagram of how the new process will differ from the old. It tracks the process six months before retirement (when a member can first submit an application) to the delivery of the first retirement check. As the timeline illustrates, the process splits the old single-track method into two discrete processes. Employers no longer have to keep employee applications on file waiting for the last date of service and final payment. PERF will automatically send a notice to the employer a month prior to the separation date asking for the specific information needed to complete the member's retirement application. The new process should mean a first check within 45 to 60 days of retiring.

New retirement applications should be available early in the second quarter. For those employers who may have recently processed a large number of retirement applications on the old forms, the fund is exploring ways to break these into two parts to allow the newer, faster processing method. PERF's goal is to have all retirements after June 30th done through the new process.

### CURRENT RETIREMENT APPLICATION PROCESS



### NEW APPLICATION PROCESS



## WAGE & CONTRIBUTION REPORTING

Each quarter, wage and contribution reports from more than 1,000 employers are entered into the State of Indiana Retirement Information System (SIRIS). Reports received on paper require entering data by hand. Consequently, contribution posting to each employee's account is delayed by tedious, keypunch intensive work.

In the coming weeks and months, PERF will make life better for all involved by achieving two goals. No matter how reports come to the fund, they will all be in a consistent format:

§ Increasing numbers of wage and contribution reports will be delivered to PERF in an electronic file, preferably by using the PERF website.

§ All employers will be able to make online electronic post-report adjustments easily and accurately.

The fund plans to provide a simple tool to help employers make accurate post-report adjustments. Over the next few weeks, PERF will make contact with employers announcing these changes. Several employers are currently involved in testing these procedures in order to make sure new processes work for employers as well as for the fund. Read on to get a feel for the changes and when you can take advantage of them.

### REFORMATTING PAYROLL REPORTS

Quarterly reports are formatted in two ways. Reports on tape or disks have an *electronic* format that may or may not be able to interface with PERF's system. Reports also have a *layout* format, i.e. locations within the report where information is located. Both formatting issues can produce a huge bottleneck when moving data from employers' payroll files to PERF's SIRIS system. Electronic processing is not possible if reports can't interface with SIRIS, or if data must be entered into the system manually. Errors can easily be introduced into the files of the more than 140,000 currently employed PERF participants.

Beginning with reporting for Quarter Ending March 31, 2004, selected employers will begin submitting electronic wage and contribution reports in the layout format (a portion of this format is shown below). Many employers are already in the process of making required format adjustments. Employers will be contacted by the fund about the need for properly formatted wage and contribution reports.

To address formatting problems, PERF has developed a utility (computer-based program) that can help ensure reports are compatible with the SIRIS in both layout and electronic file format. Those employers who do not have a payroll system that can export information into this format, even with the utility, may have to enter information in the correct format by hand. The fund will work with employers as needed to make appropriate transitions to this new requirement. **Implementing this change is essential because PERF will no longer be able to correct information that is not sent in the correct format. Employers whose files are incorrect will be notified that the report could not be processed. The employer will then need to correct the formatting issue(s) and re-issue the quarterly report.**

Field	Starting Field	Field Length	Field Description
1	1	11	11 numeric characters that represents the beginning of an individual member record.
2	12	2	2 alphabetic characters that represent the reporting fund

## W&C REPORTING, CON'T

### ELECTRONIC REPORT SUBMISSION

Some wage and contribution reports still arrive at PERF on paper. Many of PERF'S largest employers, covering records for more than half the fund's currently employed members, are on track to deliver their reports in electronic format by April 2nd. PERF is working to encourage school corporations to make the switch by July 1st. PERF will help other employers apply lessons learned in this testing phase as electronic reporting is spread to the remaining employers. It is assumed that the Internet will be the preferred mode for electronic reporting; however, compact disks, diskettes, and tape are currently used by many employers and will remain acceptable forms of electronic reporting.

The following description demonstrates the simple process of transmitting reports generated from computerized payroll records:

1. Move payroll information into the PERF format. Convert your file into text, it will work with our utility.
2. From the payroll computer, go to [www.perf.in.gov](http://www.perf.in.gov), click on the log-in button to

enter a secure employer's page. (The fund is working to provide every employer we contact with a log-on ID and password that will be necessary for this process.)

3. Send the formatted information to PERF by simply following the directions on the screen. You're done!

Of course, disks with the formatted data can be mailed directly to us.

### ADJUSTMENTS

Adjustments to correct information and calculations are a fact of life. PERF has created a new form (*shown below*) to make the process of submitting adjustments to wage and contribution reports a little easier. A sample form will be sent to employers with instructions, but the actual form to be used is also available as an on-line document.

To perform this task on-line, the employer simply has to:

- 1) Go to the the fund website at [www.perf.in.gov](http://www.perf.in.gov). Click on the PERF Wages and Contributions Adjustments Sheet tab on the website.
- 3) Fill out the correct information (calculations will automatically fill in the correct totals).
- 4) Print out two copies of the sheet (once filled out, the form cannot be saved on the computer).
- 5) Send it to PERF with your adjustment check. Keep the other for your records.

Employer Name City of Indianapolis							
Account Number 1758				Quarter End Date (MM/DD/YYYY) 01/05/2004			
Employee Name	Social Security Number	Original Wages	Corrected Wages	Wage Difference	Employee Contribution Adjustment		Employer Contribution Adjustment
					PRE RATE 3.00%	POST RATE 4.00%	RATE 2.00%
John R. Doe	123-45-6789	\$30,000.00	\$35,000.00	\$5,000.00	<input checked="" type="checkbox"/> \$150.00	<input type="checkbox"/> \$0.00	<input checked="" type="checkbox"/> \$100.00
Susan L. Smith	987-65-4321	\$41,000.00	\$38,500.00	(\$2,500.00)	<input checked="" type="checkbox"/> (\$75.00)	<input checked="" type="checkbox"/> (\$100.00)	<input type="checkbox"/> \$0.00
*				<b>Sub-Totals</b>	\$5,000.00	\$150.00	\$200.00
				<b>Totals</b>	\$7,500.00	\$225.00	\$100.00
<b>Reason for Adjustment</b> The reason for adjustment is...				<b>Total Employer Contributions</b>		\$200.00	
				<b>Total Employee Contributions</b>		\$325.00	
				<b>Total Adjustment</b>		\$525.00	
I understand that increases in reported wages will require an additional payment including employer and employee contributions, and that decreases in reported wages will result in a credit memo, sent with our next quarterly report, applicable against our next payment.							
Authorized Signature				Date			

Print Form
Save Form
Reset Form
Calculate All
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## PERF INTRODUCES NEW LOOK

Take a look at page 8. PERF has a new logo that has been created as part of our customer service initiative. It acknowledges that PERF has moved out of the shadows forever to take its place as a leading financial services institution.

All forms will contain this distinctive new mark so you and your employees will know, at a glance, when you are dealing with fund information. Publishing new materials also gives us a chance to include updated contact information (phone numbers and e-mail addresses).

### FOCUSED ON CUSTOMERS

Major renovations to the PERF offices at the corner of Market and Capitol (directly across the street from the Statehouse) in downtown Indianapolis will consolidate services in one safe, secure, handicapped-accessible facility. The new Customer Service Center (*see photos A. & B.*) opens on the ground floor in late March. Members and employers can call or visit with a customer service representative or retirement counselor. Employer support for all PERF administered funds will be also be easily accessible. The Customer Service Center compliments the Call Center launched in 2002. To date, nine customer service representatives have handled more than 157,000 calls.

When the building is completed, all staff operations currently split between two facilities, will be housed at 143 West Market Street. Access to working areas will be limited to authorized personnel, improving security for both staff and data. At the same time, public access will be improved by making the Customer Service Center, restrooms, entrances, and meeting spaces compliant with the Americans With Disabilities Act.

### WEBSITE

Using the new look and feel as an opportunity to redesign our website, the fund



A.



B.



## NEW LOOK, CON'T

will push forward with several initiatives to take full advantage of 21st Century technology. Keep an eye out for the new look at [www.perf.in.gov](http://www.perf.in.gov). You will be able to find the information you need faster. Information on the site will be updated regularly. Throughout 2004, the new handbooks and newsletters PERF publishes will be made available through this site and by mail. Employers will be able to view their own information and send required information electronically using individually assigned secure log-in numbers on the website.

According to a study by the Purdue University Retail Institute, Hoosiers rank third nationally among states in e-commerce transactions. This level of comfort in using the web should allow us to do business more efficiently, effectively, and at a lower cost to our members.

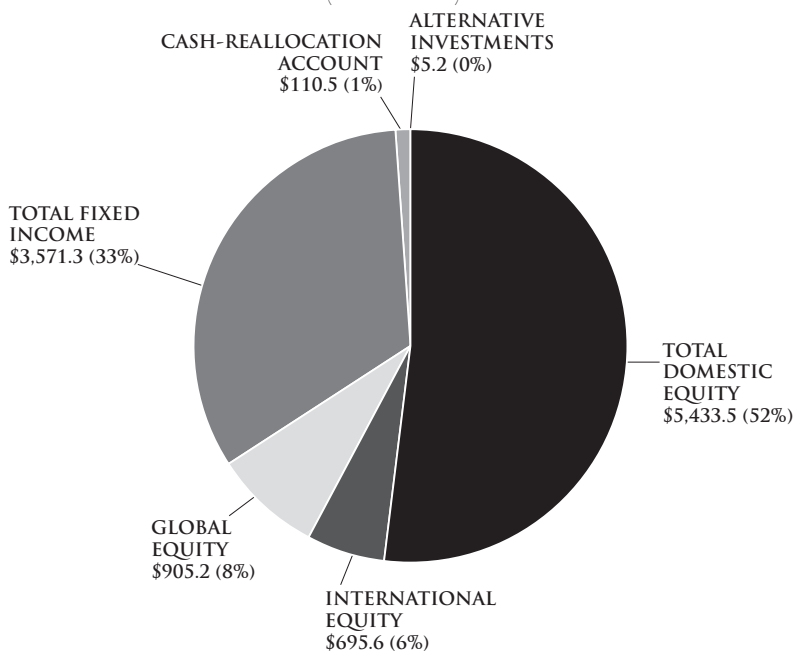
Employer-specific features on the site will include:

- ⌘ Quick access to log-in screens
- ⌘ Information for employers grouped into one area
- ⌘ Differentiation between PERF and other plans administered by the fund
- ⌘ Frequently Asked Questions specifically for employers
- ⌘ Regular updates of information important for benefits decision-makers
- ⌘ Instructions to help payroll and other administrators provide correct data to PERF

By using the web, employers will be able to access the most current information, to transmit data in a secure manner, and to provide their employees with user-friendly tools to plan for their retirement years. PERF's new website is a work in progress and will provide both employers and members immediate improvements and a preview of future possibilities.

## INVESTMENTS

Market Value of Consolidated Retirement Investment Fund (CRIF)  
as of December 31, 2003  
(in Millions)



## LEGISLATIVE UPDATE

[www.perf.in.gov/whatsnew](http://www.perf.in.gov/whatsnew)

Changes to proposed legislation are frequent; many never make it into law. But to help employers and members track them, we have been posting updates weekly on the PERF website (click on the *What's New* tab at the link above).

Some of the issues that were considered during this year's session of the Indiana General Assembly include benefit provisions for rehiring retired employees, excise and conservation officer pensions, and cost of living increases, among others.

**T1 Be careful to send your reports to the correct address.**

Only Summary Reports and checks for contributions should be sent to Public Employees' Retirement Fund, PO Box 66165, Indianapolis, IN 46266.

Send your quarterly report with a copy of the Summary to our office at 143 West Market, Indianapolis, IN 46204. Your Quarterly Report includes names and Social Security numbers. The P.O. box reaches a contractor not meant to handle private member information.

**T2 Take steps to protect against identity theft, or identity mistakes.**

1. Make sure the social security number you report to PERF and other institutions matches the one in your records. Match social security numbers on applications and returned reports to the identification documents given by a new employee.
  2. Store identifying records in areas maintained by trustworthy employees and where they are not readily accessible to the public.
  3. Provide ways for employees to get to know one another, and for supervisors to know something about their employees.
- Then trust your instincts.*

**T3 Teach your employees about the difference between work and PERF-covered service; encourage employees considering retirement to contact PERF before they do something irreversible.**

Certain factors can affect an employee's eligibility for PERF benefits and refunds:

1. Whether or not he/she is "vested" for retirement benefits. A PERF member is vested once he/she has reached 10 or more years of creditable service.
2. If the employee's beginning date of employment does not match the day PERF-covered service starts, there can be a gap in eligibility. One member actually retired only to find he was 15 days short of eligibility for retirement benefits. His employer was able to officially re-hire him for two weeks, but that may not always be possible.

**T4 Remind employees that their retirement will include their Annuity Savings Account AND the pension you are funding for them.**

The fund sends members a quarterly statement of account for the Annuity Savings Account (ASA). The statement does not include an estimate of the pension portion of your PERF-covered employees' retirement. The pension benefit is a more significant portion of their retirement. Remind them that the PERF benefit consists of both parts and can be estimated on the 'Benefits Calculator' on PERF's website.

Many employees assume their employers will tell PERF about a change of address, marital status, or beneficiary. Even if they do, members must contact the fund themselves, and provide us with a written change of address or beneficiary notice. PERF and employers work as partners, but this is one thing employers simply cannot do for their employees or for us.

## Employer NEWS

A publication of the Indiana Public Employees' Retirement Fund, a system of six retirement plans designed in partnership with employers and elected officials to provide secure long-term retirement benefits for employees who choose careers in public service.

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